

Message Text

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PAGE 01 BRUSSE 01378 142039 Z

71

ACTION EUR-25

INFO OCT-01 AF-10 ADP-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-09 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

CIEP-02 LAB-06 SIL-01 SAL-01 OMB-01 NSC-10 SS-14

STR-08 CEA-02 DODE-00 PA-03 USIA-12 PRS-01 RSR-01

/160 W

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R 141815 Z MAR 73

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 6877

INFO AMEMBASSY LUXEMBOURG

USMISSION EC BRUSSELS UNN

USMISSION OECD PARIS

AMEMBASSY KINSHASA

LIMITED OFFICIAL USE BRUSSELS 1378

E. O. 11652 NA

TAGS: EFIN, BE

SUBJECT: INTERNATIONAL MONETARY DEVELOPMENTS: BELGIUM

1. BLEGIAN GOVERNMENT ANNOUNCED MARCH 13 ITS DECISION NOT TO REVALUE BELGIAN FRANC AND TO REOPEN OFFICIAL FOREX MARKET MONDAY MARCH 19. VICE PM AND MINFINANCE DE CLERCQ TOLD US EARLIER ON MARCH 13 THAT THERE WAS NO ECONOMIC REASON FOR BELGIANS OR ANY OTHER EUROPEAN COUNTRY TO REVALUE. HE EXPRESSED RESERVATION ON GERMAN RECALUATION SAYING THEY HAD ACTED ONLY TO SATISFY FRENCH.

2. PRESS COMMENTARY ON RECENT DEVELOPMENTS STRAIGHTFORWARD. ACCORDING TO DAILY LE SOIR IN DESCRIBING BELGIAN MARKET ARRANGEMENTS, " THE AMERICAN CURRENCY WILL NO LONGER HAVE EITHER A FLOOR OR A CEILING. THE DOLLAR WILL FLOAT FREELY UNLESS THE NATIONAL BANK SHOULD DECIDE ON OCCASION TO SUPPORT THE AMERICAN CURRENCY, FOR EXAMPLE, IN ORDER TO PREVENT EXCESSIVE HARDSHIPS FOR BELGIAN EXPORTS. BUT THERE WILL BE NO OBLIGATION TO

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PAGE 02 BRUSSE 01378 142039 Z

SUPPORT."

3. ONLY OTHER SIGNIFICANT PRESS COVERAGE WAS ARTICLE BY FORMER MINFINANCE BARON SNOY IN FINANCIAL DAILY ECHO DE LA BOURSE WHO EXPRESSED BELIEF DOLLAR IS NOW UNDERVALUED AND THAT SITUATION WILL CHANGE IN FEW MONTHS. THEME OF SNOY'S ARTICLE CONTAINED IN SUBHEAD: " A NUCLEUS OF STRONG CURRENCIES IN EUROPE; VERY WELL. BUT ONE MUST QUICKLY ORGANIZE A EUROPEAN MONETARY SYSTEM, WHICH, WITHOUT HOSTILITY, PROVIDES A COUNTERWEIGHT FOR THE DOLLAR."

4. ALTHOUGH OFFICIAL FOREX MARKET REMAINED CLOSED, LIMITED AMOUNT OF FOREX DEALINGS OCCURRED TODAY MARCH 14. DOLLAR STRENGTHENED

WITH BANKS SELLING AT BF39.72 1/4 AND BUYING AT BF39.67 1/2 NEAR END OF DAY 1600 HOURS LOCAL). ACTIVITY MOSTLY INVOLVED EXPORTERS- IMPORTERS IN NEED OF CURRENCY TO MEET IMMEDIATE OBLIGATIONS.

5. FOR KINSHASA: ARTICLE IN LE SOIR MENTIONED ABOVE LISTED ZAIRE AS ONE OF CURRENCIES FLOATING VIS- A- VIS BELGIAN FRANC. STRAUSS- HUPE

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

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Disposition Authority: morefirh
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30 JUN 2005

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KINSHASA
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